



August 02, 2013

Honorable Henry Waxman
Member of Congress
33rd District, California
2204 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Waxman,

We are disappointed by the news release issued July 31, "Rep. Waxman Calls on DHS to Review Risks at Rancho Facility and in CFATS Program" which also includes a letter to The Honorable Janet Napolitano, Secretary of Homeland Security. The release and subsequent letter contain a number of inaccuracies and mischaracterizations regarding the liquefied petroleum gas storage facility owned by Rancho LPG Holdings LLC in San Pedro, California.

Rancho LPG and its International Longshore and Warehouse Union Local 26 workforce take pride in its safety record. The facility has experienced no major incidents, releases or accidents in the facility's 39-year operating history. Rancho LPG maintains a robust program of mechanical integrity and inspection to ensure all vessels, tanks, piping and infrastructure is maintained in accordance with applicable regulation. The facility has been audited more than 45 times since the beginning of 2012 and continues to perform well in these audits.

We urge you to review the following information about the Rancho LPG facility centered in seven areas: Unexplained Flaring, Mitigation Measures to Prevent Accidents/Terrorist Attacks, Environmental Protection Agency (EPA) Allegations, Chemical Facility Anti-Terrorism Standards (CFATS) Inspection, Inaccurate Comparisons, Failure to Share its ERP and Employee Training.

- **Unexplained Flaring.** The letter indicates "unexplained flaring has occurred at the site without proper notification." Rancho LPG did experience a flaring event earlier in the year. This event stemmed from a brief equipment issue that was quickly and effectively addressed. The flare operated as designed; this event was not evidence of an unsafe situation at the facility. By law, Rancho LPG is not required to make any notifications when a flaring event occurs at the facility, but in the spirit of cooperation, the company did share information about this event with the EPA.
- **Mitigation Measures to Prevent Accidents/Terrorist Attacks.** The letter states that "mitigation measures have not been performed at the site to prevent an accident or terrorist attack." With regards to terrorist attacks, for approximately three years, Rancho LPG has conducted regular overt and covert drills with the Los Angeles Visible Intermodal Prevention & Response (VIPR) Unit and with the Los Angeles Police Department's (LAPD's) Archangel Counterterrorism Unit. With regards to mitigation measures to prevent accidents, Rancho LPG has procedures in place for routine tasks conducted at the facility as well as for potential emergency scenarios. The company conducts regular safety and security training for our staff.

- **EPA Allegations.** It is critical to understand that while the EPA did audit the Rancho LPG site earlier this year and identified several issues, *the issues brought forward by the EPA are not categorized as violations but as merely allegations requiring additional information from the company* before a final determination is made – no criminal or negligence issues are under review by the EPA. Already, all of the areas identified by the EPA have been significantly addressed.
- **CFATS Inspection.** A team of U.S. Department of Homeland Security (DHS) CFATS Inspectors spent multiple days on site at the Rancho LPG facility conducting a CFATS Authorization Inspection. The letter suggests that the visit was cursory and “minimal.” This is not accurate: DHS Inspectors spent significant time reviewing our site’s physical and operational security measures, interviewing personnel, and otherwise verifying our Site Security Plan (SSP) as it relates to the applicable 18 Risk-Based Performance Standards established by the CFATS regulation.
- **Inaccurate Comparisons.** To conclude the letter, Rep. Waxman drew some inaccurate comparisons between the DHS and EPA inspections. He said the EPA indicated that Rancho LPG “could be a danger to the community” and “is not prepared for an earthquake or accident.” These allegations are not true; nor is it true that the EPA findings following the audit of the Rancho LPG facility were “alarming.” The EPA did not use these words to describe the Rancho LPG facility or its current state of preparedness.
- **Failure to Share its ERP.** Copies of the Rancho LPG ERP are on file with the EPA Region 9, the Harbor Division station and the Hazardous Materials division of the LAPD, Station 36 and the Hazardous Materials Division of the Los Angeles Fire Department and the Southern California Industrial Mutual Aid Organization. Rancho LPG has taken active steps to meet with area first responders on multiple occasions to help them understand the associated risks of the Rancho LPG facility and best practices in addressing potential incidents.
- **Employee Training.** Rep. Waxman states that DHS Inspectors “verified” that employees had been trained on their roles and responsibilities during an emergency, but EPA did not believe that employees knew their emergency response roles and responsibilities. Our facility has a strong safety and response culture and history, and all personnel understand what to do in an emergency, up to and including initiating a safe shutdown of the facility. It is worth noting that DHS’s CFATS program focuses on *intentional* acts while EPA’s Risk Management Program focuses on *accidental* releases. The questions and focus of DHS Inspectors (as it relates to emergency response) and the focus of EPA (as it relates to emergency response) can and should be different in key respects.

Additional Background

Rancho LPG performs regular, planned maintenance at the facility to ensure all components remain in compliance with regulatory and company standards. We’ve also made numerous safety upgrades in the past four-and-a-half years to help ensure our facility remains in good working condition. Our staff strives to maintain high standards for safety and professionalism, and we’re proud of their effort in operating the facility with the objective of attaining the highest level of safety, security, reliability and efficiency.

Rancho LPG takes its security obligations seriously, has cooperated fully with DHS, and has worked diligently to satisfy all of the requirements of CFATS. We already implemented a number of security enhancements and more will be added in the future. We also hired an outside security expert to perform a Security Vulnerability Assessment (SVA) and to assist us develop the site’s SSP. By law, this SSP must include measures, both present security measures and future security measures, to address the applicable RBPSs. As part of the CFATS inspection process, Rancho mobilized a team of specialists in such areas as safety and security, operations, information technology, and regulatory affairs to address the requests of the Inspectors.

We are especially proud of the multiple actions taken to engage the local law enforcement community whose response jurisdiction includes the facility. These proactive efforts include the development of facility-specific and law enforcement directed outreach materials to enhance response coordination between the facility and local law enforcement. As noted above, we have engaged LAPD's Archangel Unit, and members of this specialized unit have visited the facility to discuss specific joint initiatives, including facility familiarization. Indeed, it is this type of proactive engagement between facility owners and emergency responders that is specifically called for in the Executive Order on "Improving Chemical Facility Safety and Security" issued by The White House on August 1, 2013.

By way of additional background, in 2011, City of Los Angeles City Attorney Carmen Trutanich issued a letter stating Rancho is in full compliance with all relevant requirements with no enforcement or legal proceedings being warranted. He found that the Environmental Impact Report conducted in 1973 was valid and there was no basis for designating the facility "ultra-hazardous". These findings were validated by State of California Attorney General Kamala Harris later that year in a letter with similar conclusions to the LA City Attorney's assessment of Rancho LPG's operations, stating there is no evidence to support an enforcement action at this time. (Documentation supporting this information is available upon request.)

In addition, acting on its own initiative, Rancho LPG conducted an independent Quantitative Risk Analysis (QRA) to receive third-party verification of the worst-case risks associated with the facility. Rancho LPG engaged Quest Consultants, an expert that has done approximately 600 QRAs worldwide including the Ports of Los Angeles and Long Beach and the adjacent Phillips 66 refinery. Quest completed the QRA and presented findings to local stakeholders at a meeting in 2011. Later, upon reviewing a separate report on the risks of the facility presented by a local neighborhood council, the EPA asked a professor at Michigan Technological University to review both reports to determine the accuracy of each. The professor determined that the Quest Consultants report was by far the superior analysis of the consequences of an accident at the Rancho LPG facility. (Documentation supporting this information is available upon request.)

We hope this information underscores the inaccuracies from the July 31 news release and letter. We encourage you and your staff to come to us with any questions regarding the Rancho LPG facility or to visit the site for a tour of the facility.

Respectfully yours,

Ron Conrow

Western District Manager
Plains/Rancho LPG
19430 Beech Avenue
Shafter, CA 93263
Office: 661-368-7917

CC:

Governor Edmund G. Brown, Jr
Senator Diane Feinstein
Senator Barbara Boxer
Mayor Eric Garcetti
Congresswoman Janice Hahn
Senator Ted Lieu
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Supervisor Don Knabe
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